SOFTAX, INC.
259 METRO SQUARE BUILDING
121 EAST SEVENTH STREET
ST. PAUL, MN 55101

612-224-9156

Dear Softax84 Customer,

Thank you for buying Softax84.

Aside from Ben Franklin's observation about death and taxes, there are two other immutable laws of nature:

1. A computer program is never completely finished.
2. There are only 24 hours in a day.

I have tried to make Softax84 as good as it possibly can be, while still trying to observe my family obligations and my professional commitments. I've put a year and a half into it and it is an awfully good program. However, I recognize (and I hope you will, also) that there is no way that Softax84 will work flawlessly in every conceivable situation. After you use it for a while, you will know - better than I - what it can do and what it can't do.

My goal for the future is to put out such a good product, at a reasonable price, that every Minnesota tax practitioner will want to buy it. (Non-Minnesota tax practitioners, too.) If I can do that, with your help, you and I will both benefit.

When the tax season is over, please take some time to let me know how it worked for you, and to give me your suggestions on how to make it work better for you next year. (I have my own ideas on how to make Softax85 better, but I need yours also.)

First, please list in order of priority what specific additional forms you would like to see next year.

1.	6.
2.	7.
3.	8.
4.	9.
5.	10.

Secondly, please note on the back of this letter, or on a separate page, what specific improvements you think should be made to the operation of the program for next year.

Thank you for your patronage and support.

Sincerly,

Ronald N. Schlangen

SOFTAX84

FOR THE

COMMODORE 64

SPECIAL NOTES:

1. MEMORY REQUIREMENTS AND WORKSHEETS. It only recently became apparent that the programs dealing with the Form 1040 and the Minnesota forms were too large. They would not work within the confines of the Commodore 64's memory. Consequently, two worksheets were dropped: The Taxable Amount of the State Tax Refund on Form 1040, and the Low Income Credit Computation on the Minnesota M-1.

2. PRINTING THE FORMS: Although the forms should print in any order and in any quantity, you may find that the printing operation sometimes just stops. (I don't know why, and I cannot take any more time to find out why. I can program in BASIC, but I don't know everything about computers.)

a. **BE SURE** to save your taxpayer information before printing.

b. If you experience problems, print a small number of forms at a time, perhaps 4 or 5.

c. Before you print the forms, **be sure** to LOOK AT Form 1040 first.

3. DISK DRIVES: The program only requires one disk drive. If you have two, you may use the second to save taxpayer data. Both the Main Softax84 disk and the Print Disk, however, must use the same disk drive.

TO BEGIN, simply turn on your computer and type: LOAD"CHAIN",8,1 - Then type LOAD"SOFTAX",8 - Then type RUN (Be sure to type the ,1 after the CHAIN program or your programs will not load properly.)

HAVE FUN!

I - GENERAL

SOFTAX84 IS A PROFESSIONAL, sophisticated, fully-integrated, menu-driven, computerized income tax program, written especially for the MINNESOTA TAX PRACTITIONER.

SOFTAX84 CONTAINS the following forms and schedules:

MINNESOTA FORMS:

Form M-1 - 1984 Minnesota Income Tax Return
Form M-1B - Minnesota Deductions
Form M-1D - Computation of Minnesota Total Income
Form M-1MT - Minnesota Minimum Tax
Form M-1NR - Schedule for Nonresidents and Part-year Residents
Form M-1PR - 1984 Minnesota Property Tax Refund Return
Schd M-429I- Underpayment of Estimated Tax by Individuals

FEDERAL FORMS:

Form 1040 - U.S. Individual Income Tax Return 1984
Form 1040EZ- Income Tax Return for Single Filers
Schedule A - Itemized Deductions
Schedule B - Interest and Dividend Deduction
Schedule C - Profit or Loss Form a Business or Profession
Schedule D - Capital Gains and Losses
Schedule E - Supplemental Income Schedule
Schedule G - Income Averaging
Schedule SE- Computation of Social Security Self-Employment Tax
Schedule W - Deduction for a Married Couple When Both Work
Form 2106 - Employee Business Expense
Form 2210 - Underpayment of Estimated Tax by Individuals
Form 2441 - Credit for Child and Dependent Care Expenses
Form 6251 - Alternative Minimum Tax Calculation

II - SPECIAL NOTES

Before you start-up Softax84, please read through these special notes. These are things that will be helpful for you to know before you begin operating the program.

A. You already know how to use the program! Use the same methodology in using Softax84 that you would use if you were preparing a return by hand. If you get lost or bogged down, just think of how you would proceed if you were doing it by hand. Then do it.

B. Softax84 is a tax program written for tax practitioners and tax planners, not computer-buffs. It takes a no-nonsense, no-frills approach. Consequently, it does not take advantage of the more advanced capabilities of your computer. It just does the job.

C. Softax84 does not expect the unexpected. It assumes you want to use the program to help you in your tax work, and that you know the tax laws. If you make entries that are outside the confines of the

tax code, Softax84 will not always steer you right. If you enter weird things, you may get weird results.

D. Filing Status. Many of the calculations in Softax84 are dependent on the filing status you initially enter to begin the program, especially the income splitting between husband and wife. After you have entered any information, you are advised not to switch the filing status from married/joint to any single status, or from any single status to married/joint. If you do, you may find unexpected results.

E. Do not use the cursor keys on your computer. The program will control the cursor. Make your entries where the program puts it.

F. Be sure the CAPS LOCK is activated on your computer. Some machines will not recognize a lower case "y" or "n" in response to a (YES/NO) prompt.

G. Do not enter commas or colons. Softax84 is written in BASIC programming language, which will ignore any data after a comma or colon.

H. When you activate Softax84, all numeric variables are set to zero, and all string variables (e.g. the taxpayer's last name) are set to " " (null). When you are prompted to enter data regarding your client, you may either enter new data, or simply hit the Carriage Return to leave intact what is already there. If you want to zero-out a dollar amount you have previously entered, enter a zero. If you want to erase a string variable, you must first depress the Shift key, and then enter a quote-space-quote (" "). On certain computers, a non-shifted space will not be treated as a real string variable - it won't be saved to disk as part of the data file, thereby ruining your taxpayer's sequential data file.

I. You may enter numbers with pennies if you like, but Softax will discard the pennies and automatically round all numbers before using them in a calculation, displaying them, or printing them.

J. When entering string variables on certain forms, such as the names of financial institutions on Schedule B, certain strings that you have entered may be temporarily truncated so as to fit the limitations of the 40 character video screen. For instance, lines 16A to 16D on Schedule E should not exceed 25 characters. In most cases, the printed forms will show the rest of the data you entered.

K. It is a good idea to always save the taxpayer data before printing the forms. If the print operation is interrupted, either deliberately or otherwise, you will have been kicked-out of Softax84, and all the data will be lost. If you have previously saved it, you can re-start Softax84, read the taxpayer's data into memory and start printing again.

III - SOFTAX84 MENUS

A. INITIAL CHOICE. After an identification and copyright message appears briefly on you screen, Softax84 will offer you this choice:

```
DO YOU WANT TO READ IN DATA THAY YOU
HAVE PREVIOUSLY STORED ON DISK (Y/N)?
```

At this point, you may recall data that you have previously saved on your data disk. (See the section on SAVING TAXPAYER INFORMATION.) If you answer Y (for "yes"), you will be prompted to insert your data disk in the disk drive, and then be prompted for the name of the data file. If you type N (for "no"), the next menu will appear on the screen.

B. MINNESOTA SETTING. This is the next menu that will appear on the screen.

```
***CURRENT MINNESOTA SETTING***

IN ADDITION TO PREPARING A FEDERAL RE-
TURN, YOUR CHOICES WITH REGARD TO A
MINNESOTA RETURN ARE:

 1. PREPARE A MINNESOTA RETURN FOR A
    FULL-YEAR RESIDENT
 2. PREPARE A MINNESOTA RETURN FOR A
    PART-YEAR OR NON-RESIDENT
 3. DO NOT PREPARE A MINNESOTA RETURN

  ** THE CURRENT SETTING IS: 1 **

CHANGE THE MINNESOTA SETTING (Y/N) ?
```

Softax84 initially assumes that you will want to complete a Minnesota tax return for a full-year resident. At the menu shown above, you may change this so you can prepare a return for a nonresident or part-year resident, or specify that no Minnesota return will be prepared.

C. TAXPAYER INFORMATION MENU. This menu will appear when you type an N at the CHANGE THE MINNESOTA SETTING prompt.

```
1. PREPARE TAXPAYER INFORMATION
2. LOOK AT TAXPAYER INFORMATION
3. ENTER W2 INCOME
4. CHANGE MINNESOTA SETTING
5. GO TO ACTION MENU

        WHAT NUMBER?
```

If you select #1, you will be first prompted to enter the client's filing status. Then you will be prompted to enter specific information, such as the name, address, spouse's name (if filing married/joint) social security number, etc. When you have finished, all the categories of information and all the information that you

entered will appear on the screen. You will have the opportunity to change anything you have entered. If you select #2, the line by line entry of information is bypassed, and all the categories of information will appear on the screen, along with any information that you may have entered. You may then change anything you have entered, or enter brand new information. If you select #3, you may enter income and withholding for any number of W-2's. If you are filling out a Minnesota return and have previously entered a married/joint filing status, you will be prompted to identify whether the W-2 entries are for the husband or wife. All W-2 information is accumulated and carried to the appropriate lines on the Form 1040, Schedule A, Form M-1 and Form M-1B. If you select #4, you may change the Minnesota setting, as above.

At selection #5, the Main Menu will be loaded. Incidentally, you will not be able to leave this menu until you have at least entered a filing status for the taxpayer.

D. MAIN MENU. You may go to the Main Menu from any other menu:

1984 TAX YEAR - WHAT ACTION?

1. PREPARE TAXPAYER INFORMATION
2. LOOK AT TAXPAYER INFORMATION

LOAD SCHEDULES AND FORMS

3. FORM 1040	10. SCHEDULE G
4. FORM 1040EZ	11. SCHEDULE SE
5. SCHEDULE A	12. SCHEDULE W
6. SCHEDULE B	13. FORM 2106
7. SCHEDULE C	14. FORM 2210
8. SCHEDULE D	15. FORM 2441
9. SCHEDULE E	16. FORM 6251

17. LOAD STATE FORMS
18. PRINT TAX FORMS
19. SAVE TAX DATA
20. CHANGE TAX YEAR - NOW 1984
21. CLEAR - BEGIN NEW TAXPAYER

WHICH NUMBER?

1. If you select #1 or #2, the TAXPAYER INFORMATION MENU will be re-loaded. You can look at or change any information that you have previously entered.

2. If you select #3 through #16, the form that you select will be loaded. If, for example, you select #6, Schedule B will be loaded, and you will see on the screen the menu appearing on the next page.

SCHEDULE B

1. LOOK AT SCHEDULE B
2. PREPARE SCHEDULE B
3. GO TO ACTION MENU

WHICH ACTION?

In the PREPARE mode, you will be prompted sequentially for each piece of information that is needed to properly complete the form. The computer will do the necessary additions, subtractions, multiplications, divisions, and tax calculations. At logical intervals, you will be shown what you have already entered, and you will have an opportunity to make changes. After each change, you will see that the totals or subtotals have been recalculated. In the LOOK AT mode, you will be able to look at the form, (in its entirety or section by section, depending on the length of the form.) You will be given the opportunity to change any of the tax information you have entered, or enter new information. After each change, you will see that the totals or subtotals have been recalculated. After using Softax84 for a while, you will probably use the LOOK AT mode for most forms. Select #3 to load the MAIN MENU again.

3. If you select #17 on the MAIN MENU, the MINNESOTA MENU will be loaded. See Section IX - MINNESOTA FORMS.

4. On selection #18, the PRINT MENU will be loaded. See Section VIII - PRINTING THE FORMS.

5. With selection #19, you may save your client's tax data. See Section VII - SAVING TAXPAYER INFORMATION.

6. Selection #20 is a unique and very valuable feature. All federal and Minnesota tax calculations are of course done automatically. With selection #20, you may direct Softax84 to make all the tax calculations (including Schedule G) using the 1985 federal rates and brackets, and estimated 1985 Minnesota tax rates and brackets. Also used are the 1985 zero bracket amounts, the federal and Minnesota personal exemptions, the Minnesota standard deduction limit, and the Minnesota taxable net income adjustment factor. (All Minnesota settings are based on the most recent available estimates from the Department of Revenue Research Office.) Naturally you will want to use this to calculate your client's estimated federal and Minnesota tax liabilities for 1985 so you can intelligently recommend investment decisions, and to calculate the quarterly estimated payments and withholding amounts. With Softax84 you can easily play "what if" games. In an incredibly short period of time you can change the tax year, plug in new income and deduction amounts, and determine the new federal and Minnesota tax - in less than two minutes on most machines, depending on the speed of your disk drive.

These days, no Minnesota tax advisor can ignore the Minnesota income tax when counseling a tax client. With Minnesota's tax structure, the federal tax is only about two-thirds of the problem.

By hand, it is a formidable task to calculate the tax ramifications of an investment decision for a Minnesota married couple, or to calculate the quarterly estimated payments. This is due to a number of factors, such as the necessity to allocate a newly calculated federal tax deduction between husband and wife on the Minnesota return, the add-back of the IRA deduction, and the calculation of the Minnesota standard deduction or the allocation of the Minnesota itemized deductions.

With Softax84, as you will see, it's a snap!

7. With selection #21, you can clear your current client's data out of memory, and start on a new taxpayer. After you have verified that this is what you want to do (so you don't do it accidentally), the memory is cleared and you are again offered this choice:

```
DO YOU WANT TO READ IN DATA THAT YOU
HAVE PREVIOUSLY STORED ON DISK (Y/N)?
```

IV - EXAMPLE FILE

An example data file is stored on the main Softax84 disk. Cleverly, the data file is called EXAMPLE. If you are at the MAIN MENU, enter selection #21. Otherwise, start up Softax84 as previously instructed.

```
SOFTAX84: V #1.Ø
BY RON SCHLANGEN

DO YOU WANT TO READ IN DATA THAT YOU
HAVE PREVIOUSLY STORED ON DISK (Y/N)?
```

Type a Y at this prompt. You will be instructed to insert your data disk in the disk drive, and to hit the Carriage Return when ready. (Softax84 assumes that you only have one disk drive, and that the taxpayer information is on your data disk. Ignore this prompt for now - just hit the Return.) At the prompt, WHAT FILE NAME?, enter EXAMPLE. The previously prepared data file is now read into memory, and shortly you will see the screen on the next page.

TAXPAYER INFORMATION

1.	TAXPAYER'S LAST NAME:	TAXPAYER
2.	HUSBAND'S FIRST NAME:	JOHN A.
3.	WIFE'S FIRST NAME:	MARY B.
4.	ADDRESS: 1234 FRONT STREET	
5.	CITY:	ST. PAUL
6.	STATE:	MN
7.	ZIP:	55101
8.	TELEPHONE NUMBER:	612-123-4567
9.	HUSBAND'S SS NUMBER:	123-45-6789
10.	HUSBAND'S OCCUPATION:	MANAGER
11.	WIFE'S SS NUMBER:	987-65-4321
12.	WIFE'S OCCUPATION:	SECRETARY
13.	FILING STATUS:	MARRIED/JOINT
14.	NUMBER OF EXEMPTIONS:	4
14A.	/Y/SELF /N/65-OVER	/N/BLIND
14B.	/Y/SPOUSE /N/65-OVER	/N/BLIND
14C.	CHILDREN:	JAMES BARBARA
14D.	OTHER DEPENDENTS:	N

ANY CHANGES TO CHANGE LINES 1-14D (Y/N)?

At the CHANGE prompt, type Y. You may then change the information on any line number. On the prompt, WHAT LINE NUMBER?, for example, type a 1 and enter your last name. Your name will be substituted for JOHN TAXPAYER'S last name but all the other lines will remain the same. (Note, on line 14C, that there is no comma between JAMES and BARBARA. Remember, when entering string variables, do not enter a comma.)

You may continue to make whatever changes you like until you type N at the CHANGE prompt. The next menu that appears is as follows:

1. PREPARE TAXPAYER INFORMATION
2. LOOK AT TAXPAYER INFORMATION
3. ENTER W2 INCOME
4. CHANGE MINNESOTA SETTING
5. GO TO ACTION MENU

WHAT NUMBER?

Enter a 5. (Again, ignore the direction to insert the Softax disk in the drive.) This action will load the MAIN MENU, shown in Section III.

At the MAIN MENU, take a look at Form 1040, by typing a 3 at the prompt WHICH NUMBER? (Form 1040 is the second-longest of the 45 programs which comprise Softax84. If you have a Commodore 64, it will take about 90 seconds to load Form 1040. With an IBM, it will take 4 or 5 seconds.) The menu on the next page will then appear.

1984 TAX YEAR - FORM 1040

1. LOOK AT FORM 1040

2. PREPARE FORM 1040
   (LINES 7-32)

3. PREPARE FORM 1040
   (LINES 33-67)

4. GO TO MAIN ACTION MENU

WHICH NUMBER?

At this prompt, enter a 1. Lines 7 through 22 of Form 1040 will appear on your screen. Take a few seconds to run through the whole form by typing an N at each CHANGE prompt, until you return to the menu you see above. Note that the tax on line 56 is $6,155.

If you have the Softax84 version which contains the Minnesota forms, now type a 4, to go back to the MAIN MENU. At the MAIN MENU, select #17, to load the Minnesota forms. (This is the longest of the computer programs.) You will soon see this menu:

1984 MINNESOTA INCOME TAX RETURN

LOOK AT	PREPARE
1. FORM M-1	6. FORM M-1
2. FORM M-1(PG2)	7. FORM M-1(PG2)
3. FORM M-1B	8. FORM M-1B
4. FORM M-1MT	9. FORM M-MT
5. FORM M-1D	

10. LOAD FORM M-1NR
11. LOAD FORM M-1PR
12. LOAD FORM M429I

13. GO TO ACTION MENU

WHAT NUMBER?

Select #1 to look at the Minnesota M-1. You will first see page 1 of the 1984 Minnesota M-1. Note that the Minnesota Itemized Deductions are all allocated to Mr. Taxpayer. Hit the Return to look at page 2. Type an N at the CHANGE prompts. Note that the line 31 tax is $3,521. Go back to the MINNESOTA MENU, and enter #13 to go to the MAIN MENU.

Now, let's do a **WHAT IF** analysis for John Taxpayer. **WHAT IF** he invests in a tax shelter which will afford him a $10,000 write-off?

Load Form 1040 and LOOK AT it. This time change line 18 to a minus $10,000. (Enter it as -10000. In doing so you will OVERRIDE

the Schedule E amount of $0. See Section VI for more information on this.)

Since the filing status is MARRIED/JOINT, and since you are preparing a Minnesota return, Softax84 will ask you how to allocate the income or loss between the husband and wife. Since the husband's MINNESOTA GROSS INCOME is $35,400 (from Column B on the Minnesota M-1) and the Wife's MINNESOTA GROSS INCOME is $17,900 (from Column A on the Minnesota M-1), you will obviously advise Mr. and Mrs. Taxpayer that they will be better off purchasing the shelter in Mr. Taxpayer's name alone, so that his higher Minnesota taxable income is reduced. At the HUSBAND'S AMOUNT prompt, enter the full -10000. (Since you allocated all of it to the husband, you will not get a WIFE'S AMOUNT prompt.)

Run through Form 1040 again until you see the new line 56 tax of $3,521. You will see that the $10,000 write-off resulted in a federal tax savings of $2,634.

NOW FOR SOME SOFTAX84 MAGIC! Go back to the MAIN MENU, and then to the MINNESOTA MENU. LOOK AT Form M-1. On page 1, you will see that the new federal tax has been automatically reallocated between husband and wife. You will also see that the itemized deductions have been reallocated. (Before they were all allocated to the husband; now they are split. Not only that, they are allocated in such a way as to drop the wife into a lower $50-tax-table-bracket, without putting the husband into a higher $50-tax-table-bracket. Softax84 will do that automatically whenever the particular tax situation allows.)

Hit the Return to see page 2. The line 31 tax is now $2,498.

After running the $10,000 write-off through both the federal and Minnesota tax returns, the Minnesota savings is $1,023. The combined federal/Minnesota tax savings is $3,657.

HOW LONG WOULD THAT HAVE TAKEN BY HAND?

FUTHERMORE, if you were to go back to the MAIN MENU and change the tax year to 1985, you could easily see what the $10,000 write-off would mean in 1985 tax savings. Armed with that information, you can advise your client how much his federal and Minnesota quarterly estimated payments should be, or to set his 1985 withholding schedule.

FURTHERMORE, because Form 6251 (Alternative Minimum Tax) and Minnesota Form M-1MT (Minnesota Minimum Tax) are included in Softax84, you won't run afoul of those traps for the unwary.

You get the idea. Not only can you use Softax84 for actually doing 1984 tax returns, you can use it all through 1985 to play WHAT IF games; use it to estimate 1985 tax liabilities, and to advise clients accordingly.

See the next section to see how to use Softax84 to do 1984 tax returns.

V - APPROACHING A TAX RETURN

A. Whether you are doing a return by hand or using Softax, the approach is the same:

1. Enter the general information required at the beginning of Form 1040. With Softax84, use the TAXPAYER INFORMATION MENU to enter the name, address, social security number, etc. Also enter the W-2 information there. You will first indicate the number of W-2's that you will enter. If you are preparing a return for a married couple, you will be asked to indicate whether the income is for the husband or wife. You will also be able to enter the federal and state withholding. (You'll have to keep track of the excess FICA and tip income yourself - Softax85 will correct that oversight in next year's tax program.) If you later come back to this part of the program and enter more W-2's, those entries will be added to the total. You can override the W-2 entries later, if you find it necessary.

2. Next, prepare the schedules that measure income or loss from a particular activity. Typically, your next move would be to enter interest and dividend income on Schedule B. Softax84 provides computerized schedules for federal Schedules B, C, D, and E. Form 2106 is also provided for your business expenses. If you are filing a married/joint return for a Minnesota couple, you will be asked to allocate the income or loss between the husband and wife. If you want to override these entries on Form 1040, you will also be asked to allocate the income or loss.

(For other forms, such as Schedule F, simply fill them out by hand and enter the bottom line numbers on Form 1040, or on other forms and schedules, as appropriate.)

If you are curious, you may look at Form 1040 to see that the entries you made on the other forms are being carried over to Form 1040. Each time you LOOK AT Form 1040, the federal tax will be calculated based on information that you've entered to that point.

3. Next, complete lines 7-23 of Form 1040, or those lines that Softax84 has not already completed for you. When you are satisfied with those lines, go to the next screen, lines 24-32.

If you have previously prepared Form 2106, you will see that entry on line 25.

If the return is for a married/joint filing status, both with earned income, Schedule W will already have been calculated for you, using information you have entered up to that time. If you now make an IRA entry for both husband and wife, Schedule W will be recalculated to take that into account. If you have Schedule K-1 income or SUB-pay, you can CHANGE Schedule W to enter those figures. After you have entered the K-1 income, SUB-pay, and IRA, you no longer have to worry about Schedule W - it will automatically be recalculated each time you LOOK AT Form 1040, using whatever entries are on Form 1040 at the time.

4. With Schedule A, you have a choice as to when to prepare it.

a. If you were doing a return by hand, you would wait until after you have prepared Form 1040, lines 7-32 to your satisfaction, thus insuring that you have the correct FAGI for the medical and sales tax calculations. This is the suggested way for Softax84 also.

b. You can, however, make your entries on Schedule A at any time. Let's say that you want to fill out Schedule A first. Naturally, the 5 percent of FAGI calculation will be wrong for the medical deduction, because you haven't completed lines 7-23 of Form 1040. The FAGI will also be wrong when you get to the sales tax worksheet, which will cause the sales tax deduction calculation to be temporarily wrong. But as long as you realize that you are working with a temporarily incorrect FAGI, and a temporarily incorrect sales tax deduction, go ahead and make your Schedule A entries at your convenience.

Later, when you finish lines 7-32 of Form 1040, and you are satisfied with the FAGI, Schedule A is automatically recalculated for you as part of the federal tax calculation! To put it another way, this means that you can fiddle with the FAGI any time you want to, even after you have completed Schedule A. Each time you LOOK AT Form 1040, the bottom line Schedule A deduction is completely and automatically recalculated for you - even the sales tax deduction - using the new FAGI. (For purposes of the sales tax deduction calculation, the recalculation automatically uses the current nontaxable income items - e.g. the dividend exclusion - that you have entered on Form 1040.) When you are done with the Form 1040, you are done with Schedule A.

With respect to the sales tax deduction worksheet, you can access it either in the PREPARE or LOOK AT mode. You will be shown the current FAGI, and all non-taxable receipts that you have entered on Form 1040 up to that time (e.g. the dividend exclusion, or the nontaxable amount of social security, etc.) You will have the opportunity to make an adjustment to the amount available for the sales tax deduction calculation; if the taxpayer received nontaxable veteran's benefits, you would enter that amount here. Use this line to make whatever adjustments are necessary. After the sales tax is calculated, you can then enter an additional sales tax amount representing sales tax on utilities, etc. (**NOTE**: If you are using the Minnesota capabilities to assist you in splitting income for a return for a different state, such as Wisconsin, you should use this last entry to adjust the sales tax deduction for your particular state.)

5. Calculate the tax on lines 33 through 38 on the second page of Form 1040. (Softax84 does the tax calculation for you.) Make an entry on line 34B, Non-itemized Charitable Deduction, if it applies to you. (Softax84 will recalculate the tax automatically.)

6. Fill out line 39, Additional Taxes, if required. Hit the Return at the CHANGE PROMPTS to quickly get you through the rest of Form 1040 (assuming you are in LOOK AT mode.)

7. Complete Schedule G, if it applies to your situation. Make the necessary entries and Softax84 will do all the tax calculations

for you. If Schedule G results in a lower federal tax for your client, you must LOOK AT to Form 1040 in order to adopt it as your tax.

8. Complete the schedules and forms to support any entries to lines 41 through 63. (With Softax84, you should complete Form 2441 for line 41, Schedule SE for line 51, and Form 6251 for line 52 if they apply to you. Be sure to LOOK AT Form 1040 afterwards to utilize the Form 2441, Schedule SE, and Alternative Minimum Tax entries.) Then make entries to the remainder of lines 41-63.

9. Softax84 will calculate the refund due or amount owed. You may adjust the refund, if any, to apply all or any part of it to estimated tax for next year.

10. If necessary, load and fill out Form 2210, Underpayment of Estimated Tax by Individuals.

NOTE: The last step in calculating the federal income tax will always be to LOOK AT Form 1040. All final calculations (tax and otherwise) are done as you look at Form 1040. If, for instance, you successfully prepare Schedule G, but fail to go back to Form 1040 to use this new number, your Form 1040 will be incorrect. REMEMBER: Approach Softax84 just as if you were doing the return by hand.

11. The next step in the process will be to load the Minnesota forms, selection #17 at the MAIN MENU. See Section IX for a discussion on preparing the Minnesota forms.

VI - MORE ABOUT FEDERAL FORMS

A. TOTAL AUTOMATICALLY CARRIED TO FORM 1040: After you have completed Schedule A, B, C, D, E, G, SE, W, Form 2106, Form 2210, Form 2441 or Form 6251, the appropriate number is automatically carried to the proper line on Form 1040. There it will be used by Form 1040 in the LOOK AT mode. This is a great convenience, and this feature should present no difficulties with most of the schedules and forms. However, Schedules B, C, D, and E call for the entry of an indeterminate number of data items. What if you have more entries than Softax84 is equipped to handle?

B. Schedules B and D. Schedule B will accomodate 8 interest items and 8 dividend entries. If you have more than 8 interest or dividend entries, prepare an attachment and carry the total to one of the input lines. The Schedule D programming expects you to prepare a separate listing of your transactions, and to enter the net losses and net gains on the appropriate short-term or long-term input lines.

C. Schedules C , E, and SE, and Form 2106. Softax84 will accomodate only one Schedule C business, and Schedule E will handle only two rental units. Schedule SE will handle only one self-employment tax. Softax84 will only handle one Form 2106. What if you need more? (Incidentally, it is anticipated that Softax85 will have more capabilities in this area next year.)

OVERRIDE. Softax84 lets you override the amounts that are automatically carried to Form 1040, to allow for unusual tax situations. You may prepare a second Schedule C, E, or SE, or Form 2106 by hand and enter the total of the two on the appropriate line on Form 1040. (You could also open a second Softax84 file just to prepare the extra Schedule C or E on the computer.)

As you saw in Section 4 above, OVERRIDE also provides a handy way of substituting income or deduction amounts to determine the tax consequences of different tax strategies.

D. EXCEPTIONS - SCHEDULE B and FORM 2106. If you have made an entry in line 11 of Schedule B, Capital Gains Distribution, it will be up to you to decide whether to carry that entry to Schedule D, or to line 15 of Form 1040. It is not automatically carried anywhere. Regarding Form 2106, if you have excess reimbursements on line 8 of Part I, they are not carried anywhere. You will have override line 7 of Form 1040 to plug that amount into income.

E. SPECIAL NOTE - WITHHOLDING AMOUNTS. The federal and state withholding amounts may also be overridden. If you do override them, however, the original W-2 entries are lost. (There is no particular reason for this - it just happened that way. It will be corrected on next year's version.)

VII - SAVING TAXPAYER INFORMATION

You may save your tax data at any time. You may re-open your file at your convenience, add to it and save it again, as often as you like. This way you can add tax information incrementally, as it becomes available to you. If you want to take a break in the middle of a return, simply go to the MAIN MENU and enter selection #19 to save the tax information. Later, load it back in and continue where you left off.

It will be up to you to decide what file name to assign to your client's data - the file name doesn't have to be the same name as the taxpayer. You can call Mr. Taxpayer's tax data by the file name EXAMPLE, for example. With the IBM you can use 8 characters with up to a three character extension, eg. TAXPAYER.JON, or just TAXPAYER without any extension, or T1234567, or almost anything beginning with an alpha character. With the Apple and Commodore you can have much longer file names. You probably can adapt whatever filing system you currently have to keep track of the Softax84 client files.

NOTE: When you save a data file, any previous version of a data file with the same name will be erased. Therefore, pick unique names for your clients' data files. Consult your computer reference manual on how to get a printed copy of the directory of your data disks.

VIII - PRINTING THE FORMS

It is anticipated that the tax forms may be printed on any printer that is compatible with your computer. This is because the output from the print files is all in upper case, and contain no special

print controls. (The only print control in the print files is the ASCII Form Feed.) **SPECIAL NOTE:** If the output you receive on your printer is double-spaced, you must adjust your printer to eliminate the automatic line-feed.

Softax84 will print "computer-generated-substitute-forms" on continuous-feed, 8 1/2 by 11 inch paper. Use selection #3 on the PRINT MENU. (Do not use single sheets of paper for the computer generated forms - some forms are two pages long with no pause between pages.) They may be printed in any order, and in any quantity. All forms (except the computer-generated Form 1040, the Minnesota M-1 and the Minnesota M-PR) are acceptable to the taxing authorities as they emerge from your printer. (The IRS requires you to use lined paper, because they say it helps their data input people.)

YOU MAY ALSO print the Form 1040, the M-1 and the M-PR directly on government forms, or on NELCO forms, or on a blank sheet of paper to be used with an overlay. Use selection #2 on the PRINT MENU. This print file is set up so that you can print first page 1 of the form, stop, flip the page over and print page 2 of the form. (That way you can use the government's forms.) If you have a continuous feed NELCO form, the printer will still stop after page 1. After page 1 is done, just tell the computer to now print page 2.

(Incidentally, it will be by sheer luck if this output correctly lines up on a laser printer. It has not been tested. The computer generated substitute forms work nicely on a laser printer, however.)

It would be a complete waste of time to try to tell you how to line up the forms in your printer. You simply will have to experiment. Strangely, the federal Form 1040, and the Minnesota M-1 and M-1PR all have different right margins, so you will probably have to make pencil marks on your printer to remind you where to best position those forms.

IX - MINNESOTA FORMS

1984 MINNESOTA INCOME TAX RETURN

LOOK AT	PREPARE
1. FORM M-1	6. FORM M-1
2. FORM M-1(PG2)	7. FORM M-1(PG2)
3. FORM M-1B	8. FORM M-1B
4. FORM M-1MT	9. FORM M-MT
5. FORM M-1D	

10. LOAD FORM M-1NR
11. LOAD FORM M-1PR
12. LOAD FORM M429I

13. GO TO ACTION MENU

WHAT NUMBER?

A. Form M-1. Softax84 assumes that you have completed your federal tax forms before starting on the Minnesota forms. For married filers, the FAGI will already have been split between the husband and wife (Column A and Column B) by the time you load the Minnesota forms. For single filers, Softax84 will automatically carry your FAGI to line 1 of the Minnesota Form M-1.

Use the PREPARE mode to begin preparing the Minnesota M-1. On page 1 of the Minnesota M-1, you cannot enter data or make any changes in the LOOK AT mode. To prepare the form, or to make any changes to page 1, you must use the PREPARE mode. (NOTE: The M-1 computer program got to be so long and complex that the programmer just up and quit! The PREPARE mode is really very fast anyway. If you have completed Form M-1, and then discover you didn't subtract the federal tax refund on line 7, just go back to the PREPARE MODE and keep hitting the Return until you get to line 7. Hitting the Return at a prompt will not disturb what you have already entered there.)

B. After you have entered the additions and subtractions on page 1 of the M-1, the Minnesota Gross Income is shown to you on line 8. If the husband or wife shows a negative gross income, Softax84 will automatically combine the two gross incomes. (If you are in the LOOK AT mode, and you see that one spouse has negative income, just go into the PREPARE mode, and the incomes will be combined after line 8.) After you have prepared lines 1-8 on page 1 of the Minnesota M-1, you are automatically led to the Form M-1B preparation.

C. Form M-1B - Minnesota Deductions.

1. The federal income tax deduction is easy to prepare using Softax84. Just enter the numbers that are called for in the Minnesota instructions and Softax84 will do the rest. The federal tax from line 50 of Form 1040 is automatically used in the calculation, unless you override it. If you are self-employed, the self-employment tax from line 51 of Form 1040 is shown to you, and you may use that in the self-employment tax deduction calculation.

2. The Minnesota itemized deductions are also calculated on Form M-1B. The starting point is transferred from line 24 of federal Schedule A, and the state tax deduction from line 6 is automatically plugged in. Enter the excess charitable deductions (these are not calculated for you), the adoption expenses and tuition allowance, as appropriate.

Softax84 will test whether it is more advantageous to use the itemized deductions or the standard deduction. If the percentage standard deduction is better, it is calculated automatically. If the itemized deductions are better, that figure is used. If the return is for a married couple, the itemized deduction is automatically allocated between them so as to result in the lowest taxable income.

3. On page 2 of the M-1, enter the personal exemptions. An exemption is automatically entered for the taxpayer and his spouse, if any.

4. If you are filing for a non-resident, or part-year resident, at this point you will be asked if you want to load in Form M-1NR. If you have previously prepared it to your satisfaction, simply respond with an N.

5. The Low Income Credit and Child Care Credit are automatically calculated for you, if the taxpayer is eligible.

6. **SPECIAL NOTES:**

a. MINNESOTA M-1PR. **THIS FORM CONTAINS A KNOWN ERROR!** For some combinations of income and property tax, Softax84's property tax refund calculation is incorrect. You must double check the program's calculation against the printed refund table. If the calculated refund is incorrect, you may override it.

b. MINNESOTA M-1D - RECONCILIATION SCHEDULE. You cannot change this Form. It uses the information from the federal Form 1040.

c. MINNESOTA M-429I - UNDERPAYMENT OF ESTIMATED TAX. Before Softax84 actually calculates any penalties, you must first enter the days on line 14. There are no default penalty days in the M-429I, although there are default days in the federal Form 2210.

d. MINNESOTA M-1MT - MINNESOTA MINIMUM TAX. If you show a federal minimum tax, you will be reminded of that on the Minnesota menu. You should then be sure to prepare the M-1MT.

e. MINNESOTA 1985 TAX YEAR ASSUMPTIONS. If you change the tax year to 1985 to estimate your tax liability, the Minnesota tax is based on the following assumptions: Indexing Factor - 1.030; Personal Exemption - $72; Maximum Standard Deduction - $2,400 (same as for 1984); Taxable Net Income Adjustment Factor - 1.013. These are the most recent figures available from the Minnesota Department of Revenue.

READ BEFORE REMOVING DISKETTE

COPYING NOT ALLOWED. Softax84 is a proprietary product of Softax, Inc.. It enjoys the protection of federal copyright laws. Under those laws, Softax84 may not be copied, in whole or in part, in any manner whatsoever, nor may it be adapted or changed in any manner. Softax84 was developed over a long period of time, at great personal cost, in anticipation of a profit. In addition to federal copyright rules, the Golden Rule also applies. Each diskette contains a copy-protection scheme which will prevent all but the serious computer hacker from making unauthorized copies.

BACK-UP DISK. You may purchase one back-up disk at nominal cost. This will allow for continuity of your operations in the event you somehow damage your disk. If you have not already purchased one, you will find a Back-up Disk Order Form in this packet. Note: This is offered for your protection and benefit - please don't abuse this policy by giving out your back-up disk. Please keep in mind that Softax, Inc. will not replace disks damaged by you or a third party. If you damage your disk and have given away your back-up, you will have to pay full price to obtain another program.

LIMITED WARRANTY POLICY. Softax, Inc., has taken great care to secure the accuracy of all mathematical calculations and of all computations which are intended to derive the same results as are contained in tables published in the various tax publications. Because of the complexity of the subject matter of federal and Minnesota taxes, and even though the greatest of care and diligence has been exercised, Softax, Inc., does not warrant that the results of all such calculations are free from error.

The user of this product must satisfy himself or herself of the accuracy of the results of the program each time he or she uses the program. The user assumes complete responsibility for any decisions, recommendations or actions taken based on information obtained by using this program.

THE SOFTWARE PROGRAM AND THE ENCLOSED INSTRUCTIONAL AND REFERENCE MATERIALS ARE SOLD AS IS, WITHOUT WARRANTY AS TO THEIR PERFORMANCE, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. THE ENTIRE RISK CONCERNING RESULTS AND PERFORMANCE OF THIS SOFTWARE IS ASSUMED BY YOU.

LIMITED WARRANTIES.

A. If any user of Softax84, who is also an original purchaser, detects an error which substantially diminishes the usefulness of the program as a whole, the user is advised to contact Softax, Inc. immediately. Softax, Inc. will correct such an error if possible and replace the defective software with corrected software. If Softax, Inc. cannot feasibly correct such the error, the original purchaser may return Softax84 to the place of purchase for a full refund. Softax, Inc. alone will determine what constitutes an error which substantially diminishes the usefulness of the program as a whole.

B. To the original purchaser only, Softax, Inc. warrants the diskette on which the program is recorded to be free from defects in materials and faulty workmanship under normal use and service for a period of one year from the date of purchase. If, during this one-year period, a defect in the diskette should occur, it must be returned to Softax, Inc. and Softax, Inc. will replace the diskette without charge. In the event of a defect, your remedy is expressly limited to receiving a replacement of the diskette.

If the failure of a diskette has resulted from accident, abuse or misapplication of the diskette, Softax, Inc. shall have no obligation or responsibility to replace the diskette under the terms of this limited warranty.

NO OTHER WARRANTIES, EXPRESS OR IMPLIED ARE MADE WITH REGARD TO SOFTAX84. SOFTAX, INC. SHALL HAVE NO LIABILITY OR RESPONSIBILITY FOR SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES, ADDITIONAL TAXES, OR PENALTIES OR INTEREST, ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE SOFTWARE, INCLUDING BUT NOT LIMITED TO, ANY INTERRUPTION OF SERVICE, DAMAGES, LOSS OF BUSINESS OR ANTICIPATED PROFITS, OR DAMAGES RESULTING FROM THE USE OR OPERATION OF THE SOFTWARE.

The use of Softax84 in any way by the purchaser, or his or her agent, shall constitute knowledge and full acceptance of the above limitations. If you do not agree to the limitations set forth above, do not use Softax84. Instead, return all materials to Softax, Inc. immediately for a full refund.

REFUND POLICY. Softax, Inc. is very confident that you will be pleased with the operation of Softax84. If, however, it does not operate on your equipment, or it does not fulfill your needs, Softax will refund your money on the following conditions: (1) That the purchaser returns Softax84 to Softax, Inc. (or, if purchased at a store, returns it to that same store) within 10 days of purchase, and (2) accompanies the return with a written statement that he or she has not used the program to prepare useable tax returns, and (3) includes reasonably specific reasons why he or she is not happy with the program, so that Softax, Inc. can know how to improve the program.